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Report of the Joint Inspection Unit (JIU/REP/98/5-A/53/788)

Report of the Executive Director

INTRODUCTION

1. In conformity with the provisions of Articles 9, 10, and 11 of the Statute applying to the Joint Inspection Unit (JIU), JIU proposed and conducted through 1997 and 1998 a review of the activities of the United Nations Office for Project Services (UNOPS). The review culminated in the report of JIU entitled "United Nations Office for Project Services (UNOPS): Broader Engagement with United Nations System Organizations".[1]

2. In accordance with the procedure outlined in paragraph 4 of Article 10 of the above-cited Statute, the Executive Director wishes to place the JIU report before the Executive Board; to provide a status update on the handling of the report; and to share with the Board UNOPS comments pertaining to those JIU recommendations directed to UNOPS.

I. STATUS UPDATE ON HANDLING OF THE JIU REPORT (JIU/REP/98/5-A/53/788)

3. The JIU report was made available to the United Nations Department of Administration in January 1999. The Department requested the Division for ECOSOC Support and Coordination of the United Nations Department of Economic and Social Affairs to gather comments on the report of the members of the Administrative Coordination Committee (ACC). In the course of gathering ACC comments, the report may also be considered by the Consultative Committee on Policy and Operational Questions. Comments of ACC members will be consolidated and included in a report of the Secretary-General to be submitted to the General

Assembly along with the JIU report. The JIU report will also be provided to the Advisory Committee on Administrative and Budgetary Questions. UNOPS will bring any additional documentation resulting from the deliberations of these bodies to the attention of the Executive Board when it becomes available.

4. In the meantime, UNOPS has made the report available to the members of the Management Coordination Committee (MCC) and will apprise the Board of their comments at the annual session.

II. UNOPS COMMENTS ON RECOMMENDATIONS

5. UNOPS welcomes the overall focus of the JIU report, which it considers to be supportive of the intent of the Secretary-General and of the Executive Board for UNOPS to build an effective and appropriate division of labour between itself and the other United Nations organizations and agencies. UNOPS has offered, on the one hand, its services to a wider range of United Nations system clients; it has also endeavoured, on the other hand, to find ways of making better use of the substantive expertise available in other organizations. While UNOPS considers that progress has been made on both fronts, as noted in the annual report of the Executive Director (DP/1999/22), there is room for further accomplishment. UNOPS views the JIU report as a constructive addition to the dialogue on how - and why - to move ahead on these objectives.

6. JIU has directed several recommendations (C.1 and C.2) to the Executive Board, to which the attention of the Board is drawn. In addition, the Board may wish to give consideration to the recommendations of JIU to the Secretary-General (B.1.(a) and B.1.(b)). For those recommendations that are directed to UNOPS specifically (A.1 through A.5) and for those that were made on impact and reform generally (D.1 and D.2), UNOPS is pleased to share with the Board the comments that follow.

7. Recommendation A.1: "... UNOPS should give priority to partnership with the United Nations system organizations, and should actively seek, identify and use the expertise in these organizations."

UNOPS agrees with this recommendation and will continue to build on the efforts it has already made. These include obtaining specialized inputs from United Nations specialized agencies, through formal written agreements and on an ad hoc basis, such as UNOPS does with ILO in more than 15 countries currently in the area of local economic development. A wider use of the retainer agreement UNOPS has developed for use in inter-agency partnerships could also be useful for implementing this recommendation.

8. Recommendation A.2: "UNOPS should further intensify its efforts to diversify its sources of income and its clients."

UNOPS agrees with this recommendation: it has been an essential element of every UNOPS business plan and will remain a crucial part of both short- and long-term planning. Details regarding this and the preceding recommendation have been addressed at greater length in document

DP/1999/22. Diversification has also been strongly endorsed at a recent UNOPS senior management retreat.

9. Recommendation A.3: "Further possible decentralization of offices should continue to pass the tests of assuring a critical mass of projects in a designated area sufficient to be self-financing. UNOPS has to address the problems and issues ... especially with regard to coordination and communication among the different decentralized offices and Headquarters."

UNOPS agrees with this recommendation. All units are examined under the lens of the annual business process to ensure that they remain self-financing, and evaluations are carried out from time to time as circumstances warrant. The communications and coordination issues have been examined in more detail via an extensive survey that has just been completed. A working group is expected to make specific recommendations in April 1999.

10. Recommendation A.4: "UNOPS should continue to take advantage of the UNDP field network and avail itself primarily of the administrative and financial services rendered by UNDP, provided it is satisfied that the services it gets are cost-effective."

UNOPS agrees both that it is logical to continue using UNDP-provided services and that such use should be contingent on the cost-effectiveness and quality of such services. This recommendation underscores the point made by the Secretary-General in his proposals (see document DP/1994/52) that led to the establishment of UNOPS in its current form, and which were subsequently reiterated by the ACABQ in its report (DP/1995/45).

11. Recommendations A.5.i, A.5.ii, and A.5.iii: "... UNOPS should (i) issue on a periodical and timely basis a list of required equipment, goods and services; (ii) plan customized training workshops for representatives of developing countries on procurement, and (iii) collect and update information of available goods and equipment as well as consulting firms and consultants from developing countries."

UNOPS is in agreement with the intent of these recommendations, which is to achieve more equitable distribution among sources of procurement and contracting. This issue was also raised by some delegations at the annual session 1998 of the Executive Board, and UNOPS has committed itself to making more progress in this regard. The specific recommendations made by JIU will be included in the range of options that UNOPS is considering to broaden participation in UNOPS procurement and contracting activities. It is worth noting, however, that UNOPS is also bound to obtain best value for all of its clients: this constraint, and the sometimes highly specialized nature of goods or services procured, place some practical limitations on the amount of scope UNOPS has to pursue this objective.

12. Recommendation D.1: "UNOPS should make its experience in adapting practices and procedures and in developing different approaches, procedures and methodologies for different circumstances, especially in emergency situations,

more transparent and available for sharing with other United Nations organizations for possible application in their respective activities."

UNOPS agrees with this recommendation, and participates actively in the Secretary-General's various common services initiatives. In addition, UNOPS participates in and at times conducts seminars and workshops aimed at sharing lessons learned. These practices will continue. UNOPS has also arranged to have itself and its reform processes studied by an independent management scholar. This study will result in a monograph soon to be published that examines the ways in which UNOPS has (and has not) succeeded in adapting itself to its changed circumstances; it is hoped that this work will be of use to United Nations organizations considering similar programmes of reform. Moreover, as regards the continuous refinement of methodologies that result from UNOPS work in some 20 countries in post-conflict situations, the UNOPS Rehabilitation and Social Sustainability (RESS) Unit produces and disseminates a periodic publication entitled "RESS Approach".

13. Recommendation D.2: "UNOPS should also share its experiences in the area of procurement, particularly its "dedicated procurement regime" and risk management policy, with other United Nations system organizations with a view towards contributing to more cost-effective procurement by them."

UNOPS agrees with this recommendation. In the light of its experience in the procurement of goods and services, UNOPS accepted to chair the Secretary-General's common services working group on procurement when it was established. UNOPS has also welcomed participation of staff from other United Nations agencies at its training courses on procurement and contracting-related matters. This type of sharing will continue.

III. EXECUTIVE BOARD ACTION

14. The Executive Board may wish to:

(a) Take note of the report of the Joint Inspection Unit entitled "United Nations Office for Project Services (UNOPS): Broader Engagement with United Nations System Organizations" (JIU/REP/98/5-A/53/788);

(b) Encourage the United Nations Office for Project Services to continue its efforts to develop and strengthen partnerships with United Nations system organizations; and

(c) Consider those recommendations put forward by the Joint Inspection Unit to the Executive Board and to the Secretary-General.

Notes

[1] The full text of the report, which has been circulated to members of the Executive Board, is contained in document JIU/REP/98/5-A/53/788.